

of the national technology and industrial base to attain the national security objectives set forth in section 2501(a) of this title.

The Secretary of Defense shall prepare such assessments in consultation with the Secretary of Commerce and the Secretary of Energy.

"(b) ASSESSMENT PROCESS.—The Secretary of Defense shall ensure that technology and industrial capability assessments—

"(1) describe sectors or capabilities, their underlying infrastructure and processes;

"(2) analyze present and projected financial performance of industries supporting the sectors or capabilities in the assessment; and

"(3) identify technological and industrial capabilities and processes for which there is potential for the national industrial and technology base not to be able to support the achievement of national security objectives.

"(c) ASSESSMENT OF EXTENT OF DEPENDENCY ON FOREIGN SOURCE ITEMS.—

Each assessment under subsection (a) shall include a separate discussion and presentation regarding the extent to which the national technology and industrial base is dependent on items for which the source of supply, manufacture, or technology is outside of the United States and Canada and for which there is no immediately available source in the United States or Canada. The discussion and presentation regarding foreign dependency shall—

"(1) identify cases that pose an unacceptable risk of foreign dependency, as determined by the Secretary; and

"(2) present actions being taken or proposed to be taken to remedy the risk posed by the cases identified under paragraph (1), including efforts to develop a domestic source for the item in question.

"(d) INTEGRATED PROCESS.—The Secretary of Defense shall ensure that consideration of the technology and industrial base assessments is integrated into the overall budget, acquisition, and logistics support decision processes of the Department of Defense."

(2) Section 2502(b) of title 10, United States Code, is amended

(A) by striking out "the following responsibilities:" and all that follows through "effective cooperation" and inserting in lieu thereof "the responsibility to ensure effective coopera-

tion": and

(B) by striking out paragraph (2): and

(3) by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively, and adjusting the margin of such paragraphs two ems to the left

(d) REPEAL OF REQUIREMENT FOR PERIODIC DEFENSE

CAPABILITY PLAN:

DEVELOPMENT OF POLICY GUIDANCE. — Section 2506 of

title 10, United States Code, is amended to read as follows:

**"§2506. Department of Defense technology and industrial base policy guidance**

"(a) DEPARTMENTAL GUIDANCE. — The Secretary of Defense shall prescribe departmental guidance for the attainment of each of the national security objectives set forth in section 2501(a) of this title. Such guidance shall provide for technological and industrial capability considerations to be integrated into the budget allocation, weapons acquisition, and logistics support decision processes.

"(b) REPORT TO CONGRESS. — The Secretary of Defense shall report on the implementation of the departmental guidance in the